

the surplus with the States, that each of the deposit banks should redeem its notes in specie and should issue 110 notes after July 4, 1836, of a lower denomination than \$5. The adoption of a coinage system which sent silver to a premium over gold, at the same moment that it was proposed to exclude small notes from circulation, threatened to leave the country without a medium for small payments, but the breaking out of the crisis and the suspension of specie payments suspended the operation of the new conditions before *Siii*y considerable amount of gold had found its way into circulation.

Omens of trouble were already in the air in the opening months of 1837. Popular meetings were held in New York for the purpose of protesting against the high prices of provisions and the undue inflation of bank credits. One of these meetings, on February 14th, became riotous, a flour warehouse was gutted, and the military were called out to preserve order.¹ The commercial crash was delayed until April. The news from England indicated a financial stringency there which was soon felt in the United States. One hundred and twenty-eight failures occurred in New York between April 1st and April nth, cotton fell nearly fifty per cent., the banks of New York suspended specie payments on May 10th, and the banks throughout the country which had not already fallen followed the example of New York within a few days. The deposit banks ceased to pay specie, the public revenues fell off, further deposits of public monies with the States were suspended, and on May 15th President Van Buren called an extra session of Congress for September.²

¹Shepard, 270.

² The New York banks resumed specie payments on May 10, 1838, and most of the other banks of the country followed on July 1st. Early resumption was strongly championed by ex-Secretary Albert Gallatin, then President of the National Bank of New York, who was chairman of a committee, appointed by the New York banks as early as August 15, 1837, to confer on the subject with the bankers of other cities. The New York banks would probably have resumed much earlier, but for the dilatory policy of the United States Bank of Pennsylvania.—Stevens, 282-85.